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U. S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
Robert C. Weaver, Secretary
Washington, D. C. 20410



LOANS FOR SENIOR CITIZENS HOUSING

How nonprofit corporations can obtain
Federal assistance in financing housing
for elderly or handicapped persons of
moderate income

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HUD IP-8

"A basic goal of an enlightened society must be to provide opportunities which enable older people to keep and strengthen their independence and dignity. For too many Americans, the later years still mean loneliness, idleness, lack of purpose and meaning. Today we have the tools to change this. We have the power to enrich the lives of older Americans and to benefit from their skills, their wisdom and their experience."

President LYNDON B. JOHNSON

The elderly in our Nation are a fast-growing group, largely because medical science is doing a better job of prolonging life. Yet longer life creates new and special needs. One of these is adequate housing for our older citizens at prices they can afford.

The Department of Housing and Urban Development administers four programs for housing for the elderly. These programs differ in terms of financing, sponsorship, and the income level of those who will live in the housing. They have, however, a single purpose: to help provide good housing adapted to the physical, financial, and psychological needs of elderly people.

One of these programs is the Senior Citizens Housing Loan Program. This program offers long-term, low-interest direct loans to private, nonprofit corporations to help provide suitable rental housing for the elderly or handicapped people of moderate income--those with incomes too high for public housing but too low for the private housing market.

The direct loan program supplements the program of mortgage insurance on loans made by private lenders for housing the elderly in a wider income range, and the program of annual contributions to local housing authorities for low-income housing for the elderly.*

U. S. GOVERNMENT PRINTING OFFICE

*In addition, low-income senior citizens can be served under the direct loan program through an experimental program of rent supplements authorized in the Housing and Urban Development Act of 1965. Under the rent-supplement program, payments may be made to the housing owners on behalf of qualified low-income occupants, the payments generally to be equal to the difference between 25 percent of the occupants' income and the fair market rents of the units occupied.

WHAT KIND OF PROJECT IS ELIGIBLE?

Loans will be made only for housekeeping-type projects, with each living unit required to have kitchen facilities and a complete bathroom. Projects may also include central dining, recreational, and social facilities. Both new buildings and old ones capable of being rehabilitated may be used. Only those projects designed to house occupants mentally and physically able to take care of themselves will be considered as eligible.

Loans will not be made for nursing homes, special care facilities, or projects based on life care plans involving founders' fees and complete care as part of the project service to residents.

WHO IS ELIGIBLE FOR A LOAN?

Loans may be made to private, nonprofit corporations, consumer cooperatives, and certain public agencies and bodies, including corporations formed by churches, labor unions, fraternal and civic organizations, and professional associations providing housing for the elderly. Each applicant group must demonstrate that it has an assured life covering the term of the loan requested.

HOW MUCH OF THE PROJECT COST WILL THE LOAN COVER?

The loan may cover the total development cost, including cost of the land and necessary site improvements, cost of construction, fixed equipment, ranges, refrigerators, and laundry equipment, and architectural, legal, advisory, and other fees. Temporary financing during construction may be obtained from the Federal Government if needed.

WHAT ARE THE TERMS OF THE LOAN?

Loans are being made at 3 percent interest for periods of up to 50 years.

HOW OLD MUST A PERSON BE TO QUALIFY?

This program is for persons who are at least 62 years old or are handicapped. In the case of families, the husband or wife

must be at least 62 or handicapped. A younger person, not a member of the family, may live with an elderly or handicapped person or family if it is necessary to provide physical care or economic support.

ARE THERE INCOME LIMITS FOR OCCUPANCY ELIGIBILITY?

Yes. Occupancy is limited to those whose incomes at admission do not exceed limits established by the Secretary of Housing and Urban Development as applicable to the area where the project is located. Specific income limits are established for individual communities within national limits of \$4,000 for single persons and \$4,800 for two-person families.

WHAT RENTS SHOULD BE CHARGED?

Although rental income must be sufficient to repay loans and other expenses, the rents must be held within the range that older people of moderate income can pay. Every effort should be made to keep rents low without sacrificing good design, good construction, or needed facilities. Rent schedules must be approved by HUD.

WHO DESIGNS AND PLANS THE PROJECT?

The applicant and its architect design and prepare plans, specifications, and project cost estimates, which must be submitted to HUD for review and approval. Elaborate or extravagant design is prohibited, and construction costs must be kept as low as possible.

Construction contracts must be awarded on the basis of competitive bidding to the lowest responsible bidder, and prevailing wages, as determined by the Department of Labor, must be paid.

ARE ANY EQUAL OPPORTUNITY REQUIREMENTS INVOLVED?

Yes. Under the loan agreement between the applicant and the Federal Government, no person may be denied admission as a tenant because of race, creed, color, or national origin. Discrimination on these same bases is prohibited in the employment of project construction workmen.

WHAT ARE THE OTHER REQUIREMENTS?

1. Each applicant must demonstrate that there is a community need for the project and an effective demand for housing at the proposed rentals. These needs may be supported by analysis of census data, by evidence of interest on the part of elderly prospective tenants, or by studies of other housing in the locality, including rental ranges and rates of occupancy.
2. Officers, members of the board of trustees or directors, members of the corporation, and the authorized representative of the applicant must certify that they have no financial interest in any aspect of the project.
3. The applicant must have enough money to pay costs incident to preparing for management and operation of the project and the cost of movable equipment and furnishings, and must deposit 25 percent of the estimated first year's operating and maintenance expense. Part of the deposit may be waived if firm rental commitments have been obtained for certain percentages of the rental units, and with 75 percent or more firmly committed the deposit may be completely waived.

WHAT SHOULD THE APPLICANT DO FIRST?

Get in touch with the Regional Administrator in the appropriate HUD Regional Office. These offices and States under their jurisdictions are listed below. Detailed information, advice, and application forms are available at all of these offices, along with any assistance the applicant may need in filing for a loan.

REGIONAL OFFICES OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

REGION I: 346 BROADWAY, NEW YORK, NEW YORK 10013
(MAINE, NEW HAMPSHIRE, VERMONT, MASSACHUSETTS,
CONNECTICUT, RHODE ISLAND, NEW YORK.)

REGION II: 1004 WIDENER BUILDING, CHESTNUT & JUNIPER
STREETS, PHILADELPHIA, PENNSYLVANIA 19107
(PENNSYLVANIA, NEW JERSEY, MARYLAND, DELAWARE,
DISTRICT OF COLUMBIA, WEST VIRGINIA, VIRGINIA)

REGION III: 645 PEACHTREE-SEVENTH STREET BUILDING,
ATLANTA, GEORGIA 30323 (KENTUCKY, TENNESSEE,
NORTH CAROLINA, SOUTH CAROLINA, GEORGIA, ALABAMA,
MISSISSIPPI, FLORIDA)

REGION IV: ROOM 1500, 360 N. MICHIGAN AVENUE,
CHICAGO, ILLINOIS 60601 (ILLINOIS, INDIANA, IOWA,
MICHIGAN, MINNESOTA, NEBRASKA, NORTH DAKOTA,
OHIO, SOUTH DAKOTA, WISCONSIN)

REGION V: FEDERAL OFFICE BUILDING, ROOM 13-A-01,
819 TAYLOR STREET, FORT WORTH, TEXAS 76102
(KANSAS, MISSOURI, ARKANSAS, LOUISIANA, OKLAHOMA,
TEXAS, COLORADO, NEW MEXICO)

REGION VI: 450 GOLDEN GATE AVENUE, BOX 36000,
SAN FRANCISCO, CALIFORNIA 94102 (ARIZONA, CALIFORNIA,
IDAHO, MONTANA, NEVADA, OREGON, UTAH, WASHINGTON,
WYOMING, ALASKA, GUAM, HAWAII)

REGION VI AREA OFFICE: 900 FIRST AVENUE, SEATTLE,
WASHINGTON 98104 (ALASKA, NORTHERN IDAHO, MONTANA,
OREGON, WASHINGTON)

REGION VII: P.O. BOX 1105, HATO REY BUILDING,
PONCE DE LEON AVENUE AND BOLIVIA STREETS, HATO REY,
PUERTO RICO 00919 (PUERTO RICO, VIRGIN ISLANDS)